

4D Global Infrastructure Fund

ARSN: 610 092 503

Monthly performance update

As at 30 November 2017

Overview

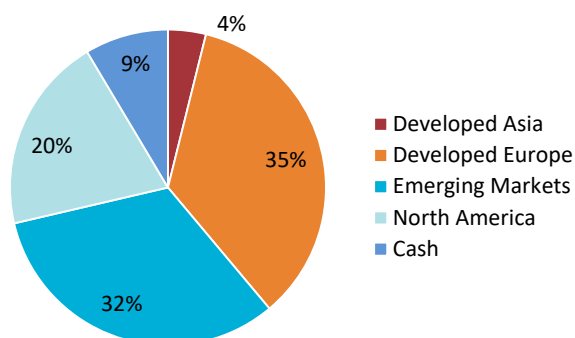
4D Infrastructure (4D) is a boutique asset manager investing in listed infrastructure companies across all four corners of the globe. Our investment objective is to identify quality infrastructure companies, trading at or below fair value with sustainable, growing earnings combined with sustainable, growing dividends. The 4D Global Infrastructure Fund ('the Fund') aims to outperform the OECD G7 Inflation Index + 5.5% p.a. over the medium to long term (before fees).

Performance

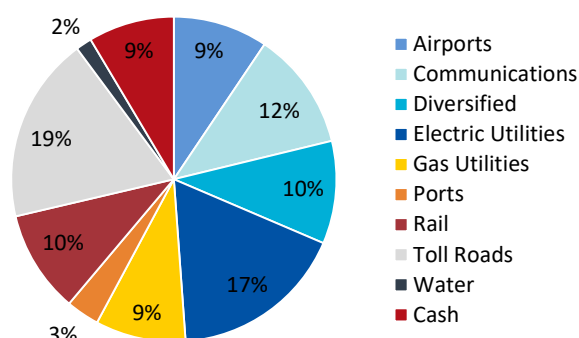
	1 month	3 month	6 month	1 year	Inception (pa)*
4D Global Infrastructure Fund	2.18%	6.18%	6.96%	30.35%	16.59%
Benchmark: OECD G7 Inflation Index + 5.5%	0.74%	1.64%	3.52%	7.26%	7.15%
Over/under performance	1.44%	4.54%	3.44%	23.09%	9.44%

Performance figures are net of fees and expenses unless otherwise stated.
*Inception date is 7 March 2016

Regional Breakdown



Sector Breakdown



FUND DETAILS

APIR Code	BFL0019AU
Investment Manager	4D Infrastructure
Portfolio Manager	Sarah Shaw
Benchmark	OECD G7 Inflation Index + 5.5%
Inception Date	7 March 2016
Reporting Currency	A\$ Unhedged
Recommended Investment Period	Five years
Stock / Cash Limit	+7% / 10%
No. of Securities	39
Application/Redemption Price (AUD)*	1.2920/1.2842
Distribution Frequency	Quarterly
Base Management Fee	0.93% p.a. + net effect of GST
Performance Fee	10% p.a. + net effect of GST
Buy/Sell Spread	+/- 0.30%
Minimum Investment (AUD)	25,000

Top 10 Positions

IN ORDER OF PORTFOLIO WEIGHT	END WEIGHT %
Cellnex	5.08
Getlink	4.95
Jasa Marga	4.01
Shenzhen International	3.99
Transurban	3.88
Iberdrola	3.77
Cheniere Energy	3.75
Ferrovial	3.70
Atlantia	3.55
DP World	3.30
Top 10 Total	39.97

*All unit prices carry a distribution entitlement.

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Portfolio performance review

The 4D Global Infrastructure Fund was up a net 2.18% (AUD) in November, outperforming our benchmark of 0.74% but just behind the FTSE 50/50 Infrastructure Index which was up 2.84%.

The strongest portfolio performer for the month was US Tower operator SBA Communications, which was up 15.7% after the collapse of merger talks between Sprint/Softbank and T-Mobile, and a return to a status quo (for now) in the US mobile market.

Also strong for November was Spanish airport operator AENA, up 10.3% for the month as the market reacted well to the new CEO rhetoric of plans to address the main market concerns – namely, capital allocation.

The weakest performer in October was again UK satellite operator Inmarsat, down a further 18.1% as the market becomes increasingly concerned about Inmarsat's guidance and the execution of its maritime strategy. We think the sell-off has been overdone and, while the short term may be weaker than originally expected, the long-term investment fundamentals remain intact and differentiate it from the broader satellite sector.

Despite increased political volatility we remain buyers of the global economic growth story, so continue overweight in user pays and emerging markets and underweight regulated utilities. We also remain buyers of high quality, fundamentally attractive stocks that have lagged over the past few months.

Market review

Global equities continued to move higher in November. The US S&P 500 finished up a solid 2.8%, the broader MSCI World index was up 2.2% and the MSCI Emerging Markets index also up 0.2%. Closer to home the ASX200 finished 0.3% higher, reaching 6,000 for the first time since before the GFC. The US bond market weakened a little, with 10-year yields up 3bp over the month to finish at 2.41% p.a. and the yield curve flattening, which can suggest economic slowdown.

Global economic data again remained solid. The US ISM manufacturing index fell but remained expansionary at 58.7, while the ISM non-manufacturing index rose to 60.1. Real US GDP growth for Q3 was revised-up to a strong 3.3% yoy. Chinese data was mixed, with IP and retail sales both up but less than expected. The EU continues to power ahead, with the flash PMI for November up more than expected to 57.5 while economic confidence was its highest since 2000.

In Central Bank land the BOE hiked rates 0.25% to 0.50% – the first increase in a decade. Argentina also increased rates by 1% to 28.75%! Other CBs remained mute with rates on hold, although the varying rates at which each CB is becalmed is quite interesting, including in developed markets: Canada (1%), ECB (0%), US Fed (1.25%), Japan (-0.1%); Norway (0.5%), RBA (1.5%) and RBNZ (1.75%); and in emerging markets: Brazil (7.5%), Chile (2.5%),

Hungary (0.9%), India (6%), Malaysia (3%), Mexico (7%), Paraguay (5.25%), Philippines (3%), Poland (1.5%) and Thailand (1.5%).

The big-ticket issue for the month was the progress on US tax reform, although a unifying bill between houses is still needed. The East Asia Summit talk fest concluded while President Trump completed his first trip to Asia, returning with \$250b worth of 'agreements' for US businesses.

In EMs, Moody's upgraded India's credit rating to Baa2 from Baa3, highlighting that reforms implemented to date will improve India's growth potential. These reforms include a GST, measures to address non-performing loans overhanging the banking system and demonetisation. In Brazil, President Temer battled ill-health and congress in trying to get important pension reforms legislated.

The populist political surge that threatened to engulf Western Europe may be peaking, although Angela Merkel's struggles to form a coalition, and the rise of the far right in Germany, suggest it is not completely exhausted. There is a different story in the east of the EU, with the four Visegrad countries – Poland, Hungary, the Czech Republic and Slovakia – all led by populists of one stripe or another. Populism is not easy to define and its adherents do not represent a single ideology, but what ties them together is a wave of anxiety – about globalisation, migration and new phenomena – and their appeal to those looking for some protection. Their success is fragmenting traditional politics and making coalition governments harder to build.

Outlook

We have a very positive outlook for global listed infrastructure (GLI) over the medium term. There are a number of powerful macro forces at play which we believe will continue to support the sector. There has been a huge underinvestment in infrastructure around the world over the past 30 years. As governments seek to redress this problem, public sector fiscal and debt constraints will limit their ability to respond, meaning there will be an ever-increasing need for private sector capital as part of the funding solution. In addition, the world's population is expected to grow by 53% by the end of this century, which will be accompanied by an emerging middle class, especially in Asia. These forces will compel new, improved and expanded infrastructure around the world. GLI's very attractive investment attributes will make it an important part of the financing solution to the world's infrastructure needs and, we believe, see it continue to grow and prosper over the longer term.

How to invest

The Fund is open to investors directly via the PDS (available at 4dinfra.com), or the Macquarie Wrap platform.

Contact details

Call us on: 1800 895 388 (AU) or 0800 442 304 (NZ)

Email us at: client.services@bennelongfunds.com

Mail us at: Level 26, 20 Bond Street Sydney NSW 2000

Visit our website at: 4dinfra.com

Notes:

1. Net performance is net of all fees (incl. management & performance)
2. All values are in Australian dollars.

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